

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



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Order Instituting Rulemaking to Develop  
a Successor to Existing Net Energy  
Metering Tariffs Pursuant to Public  
Utilities Code Section 2827.1, and to  
Address Other Issues Related to Net  
Energy Metering.

Rulemaking 14-07-002  
(Filed July 10, 2014)

**COMMENTS OF THE OFFICE OF RATEPAYER ADVOCATES  
ON PROPOSALS FOR NET ENERGY METERING SUCCESSOR  
STANDARD CONTRACT OR TARIFF**

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## I. INTRODUCTION

Pursuant to the Assigned Commissioner's Ruling Granting In Part Motion of the Alliance for Solar Choice and Revising Procedural Schedule,<sup>1</sup> the Office of Ratepayer Advocates (ORA) submits these Comments on parties' proposals for the successor to the Net Energy Metering (NEM) tariff.

The proposals submitted by parties in this proceeding recommend and justify vastly different successor tariff designs, from maintaining the existing NEM structure to a full unbundled rate design for customers who self-generate. Each party asserts that its proposals are justified based on reliance on specific evaluative measures produced by the California Public Utilities Commission (Commission) Energy Division's Public Tool<sup>2</sup> as well as modifications to the Energy Division Public Tool bookend scenario inputs and Public Tool internal calculations. ORA developed its proposal<sup>3</sup> using the Energy Division bookend scenarios without modification, with the intent of producing a proposal that can be compared to proposed tariffs developed by other parties. If the Commission intends to continue using the Public Tool to evaluate proposed tariffs during the remainder of this proceeding, ORA recommends that the Commission be the final arbiter of what inputs and modifications should be used by all parties, and what measures (i.e. cost-effectiveness test results, rate and bill impacts, cost of service recovery, solar adoption, etc.) should be used to evaluate compliance with Public Utilities Code Section 2827.1.<sup>4</sup>

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<sup>1</sup> Assigned Commissioner's Ruling Granting In Part Motion of the Alliance For Solar Choice and Revising Procedural Schedule, June 23, 2015, p. 2.

<sup>2</sup> <http://www.cpuc.ca.gov/PUC/energy/DistGen/NEMWorkShop04232014.htm>.

<sup>3</sup> <http://www.ora.ca.gov/NEM.aspx>.

<sup>4</sup> Public Utilities Code Section 2827.1(b)(1) – “Ensure that the standard contract or tariff made available to eligible customer-generators ensures that customer-sited renewable distributed generation continues to grow sustainably and include specific alternatives designed for growth among residential customers in disadvantaged communities”.

§ 2827.1(b)(3) – “Ensure that the standard contract or tariff made available to eligible customer-generators is based on the costs and benefits of the renewable electrical generation facility”.

§ 2827.1(b)(4) – “Ensure that the total benefits of the standard contract or tariff to all customers and the electrical system are approximately equal to the total costs”.

ORA's primary recommendations based on its review of parties' proposals are:

- Adopt a tariff that addresses the legislative intent of reducing the embedded subsidy in the existing NEM.
- Adopt a tariff that is phased along a glide-path in order to allow the distributed generation market to adapt to changing market conditions.
- Adopt multiple tariff options to enhance customer choice.

ORA's own proposed successor tariff is the most successful in meeting the requirements of Assembly Bill (AB) 327 while balancing the cost-shift reduction issues addressed by the IOU proposals, and maintaining the NEM at retail rate structure recommended by the solar and environmental parties. ORA's proposal is also the only proposal that provides a glide-path to sustainability that is driven by California solar adoption.

The proposals from other parties either inadequately address the legislative intent of reducing the embedded subsidy, or go so far in imposing various fees, new charges and reduced compensation as to risk harming the industry.

## **II. DISCUSSION**

### **A. The IOUs' proposals have merit, though require further analysis and vetting.**

Interestingly, the IOUs all propose a solar customer rate structure tariff. Each IOU develops a solar customer rate class, from the ground up. The general structure of each IOU's solar rate class design includes the following elements:

- Interconnection fee or fixed charge,
- Energy charge for energy consumed,
- Energy export compensation rate.
- Demand charge or grid access charge, and
- Underlying rate schedule.

ORA's testimony in the Residential Rate Design Proceeding (R.12-06-013; RROIR) discussed the possible advantages of placing NEM customers on their own rate schedules.<sup>5</sup> Costs could be allocated to this tariff using billing determinants specifically for NEM customers. Also, to the extent that NEM customers impose distribution costs on the utility at night, these would be allocated to them through the intra-class revenue allocation process. Doing so would capture any benefits to NEM customers of their loads being largely non-coincident with the system generation or distribution feeder peaks. Such benefits are the basis for Southern California Edison Company's (SCE) and San Diego Gas & Electric Company's (SDG&E) Option R rates, which discount demand charges based on such "diversity benefits." In the RROIR rulemaking, placing NEM customers into a separate sub-class also was discussed for similar reasons. To the extent that the marginal generation or distribution capacity costs imposed by NEM customers are different from those of non-participants, they would be reflected in calculating the cost of service they impose on the utility.

Pacific Gas & Electric Company (PG&E) proposes a tariff that would provide a credit for exports based on the generation portion of the energy charges in the participating customer's underlying rate, which is adjusted for the time-of-use period. PG&E currently estimates that the average bundled generation price is approximately \$0.097/kWh.<sup>6</sup> PG&E's proposed tariff would also charge participating customers a maximum demand charge of \$3/kW/month to recover a portion of the costs related to the distribution system used to serve these customers that cannot be collected through volumetric rates. Participating customers would also be placed on an underlying TOU rate structure. The proposed tariff is revenue neutral, thus participating customers' energy charges will be reduced by an amount equal to the revenue collected through the demand charge.

SCE proposes an export compensation rate of \$0.08/kWh that is based on an estimate of avoided costs. Unlike PG&E's proposed tariff, SCE's tariff does not appear to be revenue neutral. SCE proposes to serve participating customers on the otherwise applicable tariff rate for

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<sup>5</sup> R.12-06-013, Opening Testimony of ORA on 2015 Rates and Beyond, September 15, 2014, pp. 2-16 – 2-17.

<sup>6</sup> PG&E Proposal, p. 40.

all electricity consumed from the utility.<sup>7</sup> In addition to export compensation based on avoided costs,<sup>8</sup> SCE also proposes a \$3/kW/month charge based on the installed capacity of the DG system, similar to ORA's proposed Installed Capacity Fee.

SDG&E proposes two tariff options for participating customers. The first option is an unbundled rate that includes a fixed monthly fee for the recovery of curb-to-meter infrastructure and customer services costs and the Public Purpose Program surcharge, a demand charge for the recovery of capacity-related distribution costs, a default time-of-use energy rate, and a wholesale rate for energy exports. The second option is a buy-all/sell-all feed-in-tariff that provides a flat rate based on the retail system average commodity rate for all energy produced by the generator. Customers participating in the second option would receive service under their otherwise applicable tariff and would need to install a second meter to measure the production of the distributed generator at their own expense. SDG&E does not specify exactly what the rates and charges would be under its proposed tariff options.

Though all the tariffs proposed by the IOUs describe a solar rate class tariff, each proposal differs significantly. In general, the proposals represent the IOU's ideal scenario, designed from the ground up, for a cost of service rate design for solar customers. And though a solar rate class may be where this proceeding is heading in the future, this approach would require significant vetting and pilots to determine each aspect of a solar rate class (e.g., fixed charge and/or demand charge, energy consumption charge, export compensation, and underlying rate). The IOU proposals lack recognition of the current NEM structure and a glide-path to incrementally shift the current NEM design to a solar rate class over time. It would be a dramatic impact to go from the current NEM at retail rate design to a solar rate class design overnight. Such an aggressive approach could have unforeseen effects on the solar market that might not be possible to accurately anticipate using the public tool simulations.

Alternatively, ORA's proposal to retain the full retail rate export compensation while phasing in an installed capacity fee gradually starting at \$2/kW/Month, does offer the

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<sup>7</sup> SCE Comments, p. 3.

<sup>8</sup> ORA notes that the avoided costs used to build SCE's proposed export compensation rate would need to be litigated.

Commission a glide-path which adjusts by actual solar adoption. ORA's proposal reduces the risk of disrupting the market.

**B. SDG&E's proposal to provide NEM customer choice is a good one.**

As mentioned previously, SDG&E proposes two NEM tariff options. Setting aside the specifics of SDG&E's two tariff options, SDG&E's proposal to offer NEM customer choice is a good one. The Commission could adopt more than one AB 327-compliant NEM proposals and let NEM customers choose the option that most suits their specific characteristics and needs. The Commission has recently taken this approach in the Green Tariff proceeding (A.12-01-008) where D.15-01-051 authorized the IOUs to implement a Green Tariff Shared Renewables (GTSR) Program which includes both a Green Tariff Option (allowing customers to purchase energy with a greater share of renewables) and an enhanced community renewables option (allowing customers to purchase renewable energy from community-based projects). ORA can envision a scenario where the ORA proposal and the IOUs' solar rate class proposals can both coexist and be offered to NEM customers to enhance customer choice.

**C. TASC, Solar Parties, and CALSEIA proposals fail to address the legislative intent of mitigating the cost shift to non-participants.**

TASC,<sup>2</sup> the Solar Parties,<sup>10</sup> and CALSEIA<sup>11</sup> all propose to leave the current NEM design largely in place with no changes. These parties all base the evaluation of whether their proposal accomplishes the statutory goal of Public Utilities Code Section 2827.1(b)(4)<sup>12</sup> on the public tool Total Resource Cost (TRC) test results. The TRC test measures the net costs of a demand-side management program as a resource option based on the total costs of the program, including both

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<sup>2</sup> TASC Proposal, p. 1. "TASC proposes a successor tariff that continues NEM under the same rules and structures as today with one modest change, namely that NEM successor tariff participants pay the public purpose program (PPP) component of the non-bypassable charges (NBCs) after a transition period.

<sup>10</sup> Solar Parties Proposal, p. i.

<sup>11</sup> CALSEIA Proposal, p. 2.

<sup>12</sup> 2827.1(b)(4) - "Ensure that the total benefits of the standard contract or tariff to all customers and the electrical system are approximately equal to the total costs."

the participants' and the utility's costs.<sup>13</sup> TASC argues that the TRC is the appropriate measure for evaluating the statutory goal of § 2827.1(b)(4) because the test directly compares the benefits and costs of a DG resource for all ratepayers, and is also commonly used to screen public investments in energy efficiency and demand response programs.<sup>14</sup>

ORA agrees with Energy Division Staff and E3 that the TRC as an inappropriate screening test for the NEM successor tariff.<sup>15 16</sup> This proceeding emerged from AB 327, which was intended to advance the State's renewable energy goals in a way that is equitable for all ratepayers. The September 9th, 2013 Assembly Floor Analysis of AB 327 prepared by the Chief Consultant to the California State Assembly Utilities and Commerce Committee clearly states the intent of §2827.1 to minimize bill impacts on non-participants with the following statement: "The new NEM program is to be based on electrical system costs and benefits to nonparticipating ratepayers."<sup>17</sup> The Commission should recognize that Energy Division Staff has ruled out the use of the TRC in their own analysis, citing legislative bill analyses of AB 327 that specifically mentions rate impacts on non-participating customers as a key problem to be addressed by the successor tariff.<sup>18</sup>

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<sup>13</sup> California Standard Practice Manual, p. 18. [http://www.cpuc.ca.gov/nr/rdonlyres/004abf9d-027c-4be1-9ae1-ce56adf8dadc/0/cpuc\\_standard\\_practice\\_manual.pdf](http://www.cpuc.ca.gov/nr/rdonlyres/004abf9d-027c-4be1-9ae1-ce56adf8dadc/0/cpuc_standard_practice_manual.pdf)

<sup>14</sup> TASC Proposal, p. 18.

<sup>15</sup> Energy Division Staff Paper on the AB 327 Successor Tariff or Standard Contract (Staff NEM Successor Whitepaper), June 3, 2015, p. 1-12; "ED Staff did not use the Total Resource Cost (TRC) test or Societal Cost Test (SCT) to meet the requirements of §2827.1(b)(3) or §2827(b)(4). The TRC and SCT tests are not affected by retail rates or the successor tariff/contract rate structure, negating the need to evaluate the costs and benefits of different successor tariff/contract designs using these tests. In addition, legislative bill analyses of AB 327 specifically mention the need to ensure that the new standard contract or tariff takes into account the rate impacts on non-participating customers, while these tests do not explicitly measure impacts on non-participating customers." <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M152/K410/152410786.PDF>.

<sup>16</sup> Energy Division Staff Paper on California Net Energy Metering Ratepayer Impacts Evaluation (ED Staff 2013 NEM Report), October 28, 2013, p. 1-13; "...the attached study employs a cost-benefit analysis of the NEM program using Ratepayer Impact (RIM) test, which estimates the net benefits (or costs) of a demand-side resource or program from the perspective of non-participating customers..."; "In the cost-benefit analysis, E3 evaluates the *change* in utility costs associated with the *change* in usage due to the installation of DG. If the customer bill savings resulting from NEM are greater than the corresponding reduction in utility costs, NEM will create a cost shift from NEM customers to other non-participating customers as utilities adjust their rates to compensate for the shortfall."

<sup>17</sup> Assembly Floor Analysis prepared by Susan Kateley, September 11, 2013; Assembly Bill 327 as Amended In Senate September 06, 2013. p. 1. Available at [leginfo.legislature.ca.gov](http://leginfo.legislature.ca.gov).

<sup>18</sup> Staff NEM Successor Whitepaper p. 1-12.

TASC argues that the existing NEM tariff should be continued since it has served the State of California well by removing regulatory and market barriers,<sup>19</sup> by employing a considerable number of Californians in the solar industry,<sup>20</sup> and by helping to address climate change.<sup>21</sup> ORA contends that a successor tariff can continue to accomplish these goals while also beginning to transition away from the subsidy that is embedded in a full retail rate export compensation tariff. TASC emphasizes the key role the existing NEM tariff has played in California's successful transformation of the distributed solar market.<sup>22</sup> ORA agrees with TASC on the point that NEM has been key to solar market transition, as have the Emerging Renewables Program (ERP) and the California Solar Initiative (CSI) Program. Indeed, the ERP and CSI programs were designed with incentives that were reduced in steps as distributed solar capacity grew and the distributed solar market became more self-sustaining. The CSI general market program was closed in PG&E's service area on December 12, 2013. Since that time, the capacity of NEM installations has grown from just under 1000 MW to over 1500 MW, a 50% installed capacity growth increase in the 18 months since the CSI program closed. NEM capacity grew by approximately 500 MW in PG&E's service area during 2012 and 2013, the last two years of the CSI. This data demonstrate that the embedded subsidy in the existing NEM tariff can begin to be reduced with a rate mechanism such as ORA's proposed Installed Capacity Fee glide-path without creating the market disruption that concern TASC<sup>23</sup> and CALSEIA.<sup>24</sup> The Commission should not abandon the steady progress made by previous programmatic efforts to transition distributed solar towards becoming a self-sustaining market. As such, the Commission should reject the TASC, SEIA, Vote Solar, and CALSEIA proposal to keep the existing NEM structure unchanged.

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<sup>19</sup> TASC Proposal, p. 7.

<sup>20</sup> *Id.*

<sup>21</sup> *Id.* at p. 8.

<sup>22</sup> *Id.* at p. 14.

<sup>23</sup> *Id.* at p. 4.

<sup>24</sup> CALSEIA Proposal, p. 3.



**D. TASC, Solar Parties, and CALSEIA proposals fail to recognize that controlling escalating NEM cost-shifts becomes more critical in an uncapped NEM environment.**

The NEM cap, as established in Public Utilities Code Section 2827(c)(1), limits the availability of electric utility NEM programs to eligible customer-generators in the utility service territory on a first-come-first-served basis until the total rated generating capacity used by eligible customer-generators exceeds five percent of the utility's "aggregate customer peak demand. Under AB 327, the NEM cap is eliminated and any and all eligible customer-generators can take the NEM Successor Tariff without limitation. The 5% NEM cap established an upper bound on the cost shifting created by NEM participants under the existing NEM tariff. Under the NEM Successor Tariff, there is no upper bound on cost-shifting created by NEM participants. The solar parties proposals do not mention or recognize that maintaining cost control is crucial under an uncapped NEM environment. Energy Division Staff recognizes the potential problem when it specifies that a long-term analysis of the NEM Successor Tariff is needed in order to evaluate the potential impacts of an uncapped program.<sup>25</sup> The solar parties should also recognize and address the potential problem of escalating costs under an uncapped NEM Successor Tariff environment.

**E. TURN's proposed value of distributed energy tariff is administratively burdensome and largely untested.**

TURN proposes that the Commission adopt a Value of Distributed Energy (VODE) tariff as the successor tariff. TURN describes VODE as a two-part retail tariff that charges customers for their total gross consumption based on their retail rate structure and provides offsetting bill credits based on the value of onsite renewable generation to the utility and non-participants.<sup>26</sup> TURN's proposed VODE tariff bill credits will be supplemented with a Distributed Generation Adder (DGA) that will provide additional incentives needed to create a financially attractive opportunity for the customer and satisfy the statutory requirement that the NEM successor tariff of ensuring that customer-sited renewable distributed generation continues to grow sustainably.

ORA shares TURN's goal for defining a NEM successor tariff that ensures that customer-sited renewable distributed generation continues to grow sustainably. But unlike

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<sup>25</sup> Staff NEM Successor Whitepaper, pp. 1-14.

<sup>26</sup> TURN Proposal, p. 1.

ORA's proposal that addresses the cost shift in the current NEM design in a simple manner, TURN's proposal would be risky and administratively burdensome. ORA agrees with TASC that changing the framework of net metering to a Value of Solar Tariff methodology (VOST or VODE) could be disruptive.<sup>27</sup> TURN proposes a mechanism for setting the VODE that has only been implemented by one small Texas utility, Austin Energy. It would be too risky for California to adopt a NEM successor tariff that has only been tested by a single utility with less than 500,000 customers.<sup>28</sup> Since the implementation of the Austin Energy VOST back in 2012, no other utility or State has adopted the VOST as a NEM successor tariff. Minnesota gained significant media attention when it adopted a method for determining a VOST rate in 2014, but since then, no Minnesota state utility has brought forward a VOST proposal. ORA encourages TURN to provide insight on why the VOST has not been adopted by any state and status information regarding future VOST implementation programs that are underway.

TASC cites concerns for VOST stem from uncertainty for customers and investors by changing the price paid to customers on an annual basis and potential tax implications. TURN does address VOST tax implications in its proposal though the VOST tax implication opinion does not come from a tax attorney or attorney general, but rather a developer of the VOST mechanism. ORA encourages TURN to provide additional tax implication opinions regarding its VODE proposal, preferably from the California Attorney General or a California Tax Attorney.

It is unclear why the VOST method has not been adopted by any of the 43 states that require a NEM tariff. ORA is concerned with the overwhelming administrative burden associated with the adoption of a VOST methodology in California. As specified earlier, Minnesota spent a year defining a VOST methodology and the result demonstrates the massive engineering, economic, and financial analysis that is required for litigation on an annual basis.<sup>29</sup> Minnesota's method identifies numerous factors, assumptions, utility-specific assumptions, including economic costs, load analysis, long-term avoided costs estimates for fuel purchases, PV fleet analysis (the aggregate of all PV systems, or an estimate thereof), plant and operation

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<sup>27</sup> TASC Proposal, p. 14.

<sup>28</sup> The Austin Energy website shows a total of 430,000 energy accounts. This compares to a single California utility, PG&E, which shows a total of 5.4 Million electricity accounts.

<sup>29</sup> Minnesota Value of Solar Methodology, Department of Commerce, April 1, 2014  
<https://mn.gov/commerce/energy/images/MN-VOS-Methodology-FINAL.pdf>.

maintenance, generation and reserve capacity, transmission and distribution capacity, environmental costs and long-term fuel cost estimates. Each of these analyses could be specific to each of the three IOUs.

VODE rates and DGA rates would likely need to be litigated annually; the proposed tariff would create a large number of customer vintages; and the tariff will require customers to install a revenue quality meter dedicated to tracking the customer's generation. Determining the initial and annual VODE will not be ministerial, and as such, will not be appropriate for the Commission's Advice Letter process. The Commission should expect the annual VODE proceeding to take at least six months requiring a vote of the Commission. A Value of Solar type tariff has only been implemented in one utility,<sup>30</sup> so there is little or no experience to help the Commission understand what to expect from an annual litigation of the VODE rate for 3 of the California IOUs. TURN's proposed VODE will require an annual litigation of similar parameter estimates covering a ten year period.

Another complexity with TURN's VODE proposal is that the annual revisions to the VODE rate would create a new vintage of customers every year. Five or more vintages of customers who receive differently valued credits could become administratively costly for the utilities to administer.

Because the VODE is a two-part tariff that charges customers for their total gross consumption and provides bill credits for onsite generation, participating customers will need to install an additional revenue meter and associated infrastructure to measure on-site generation for the purpose of determining the bill credits.<sup>31</sup> This is an additional up-front expense for participating customers that could create a small additional barrier to adoption. Furthermore, utility customers who install rooftop solar may be accustomed to the concept of self-generation to offset their own load, so the buy-all / sell-all features of TURN's proposed VODE tariff may be incongruent with solar customers' notion that they are producing their own energy.

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<sup>30</sup> Austin Energy - <http://austinenergy.com/>.

<sup>31</sup> ORA understands that separate meters would be required to measure both gross consumption and gross production. ORA encourages TURN to clarify in their reply comments if a second meter and associated infrastructure would be required, and to provide a cost estimate if possible.

**F. Proposals that mandate TOU for NEM participants needlessly limit customer choice.**

The PG&E, SDG&E, Sierra Club, and NRDC proposals all require NEM customers to take TOU rates. This requirement represents a departure from the current NEM environment where the NEM tariff is an overlay on whatever underlying rate schedule the customer chooses. Forcing NEM customers to take a specific underlying rate schedule reduces customer choice and is largely unnecessary. In general, the Commission should seek to increase customer choice wherever it is appropriate. In D.15-07-001 the Commission adopted residential default TOU to begin in 2019.<sup>32</sup> In the meantime, D.15-07-001 requires the IOUs to promptly begin the process of designing TOU pilots and the Commission will examine legal issues related to default TOU rates. The point is that default TOU (for NEM participants and non-participants) is coming and it is unnecessary to prematurely impose TOU on NEM participants while the process of implementing TOU pilots and studying default TOU rates is underway. In the meantime, ORA recommends that NEM Successor tariff participants be free to choose the underlying rate schedule that most suits their needs just as they can today.

**G. Disadvantaged Communities**

This proceeding has been predominantly focused on establishing a successor tariff for the general market. Parties' proposals for specific alternatives for disadvantaged communities (DACs) should be reviewed in a subsequent phase of this proceeding, thus allowing parties to focus on the specific alternatives for DACs. A separate phase of the proceeding will also allow the Commission and parties to focus on the elements of the DAC proposals that duplicate and/or extend existing or recently authorized programs, and how these programs can be efficiently integrated. ORA supports TASC's proposal<sup>33</sup> to give the DAC proposals a specific, separate program treatment. It would be most logical for the Commission to establish the parameters of the NEM successor tariff prior to determining the most appropriate alternatives for DACs. Nevertheless, ORA provides limited comments on parties proposals for defining and serving DACs in this filing.

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<sup>32</sup> D15-07-001, Decision on Residential Rate Reform for PG&E, SCE. and SDG&E and Transition to TOU Rates, July 17, 2015.

<sup>33</sup> TASC Proposal, p. 45.

## **1. The definition of Disadvantaged Communities should be income based.**

ORA's proposal for ensuring that the successor tariff includes specific alternatives for growth among residential customers in DACs is to expand the SASH third party financing program after the recently authorized financing program<sup>34</sup> is proven successful. ORA also defines "disadvantaged communities" as purely income based. Using income to determine eligibility focuses on the key barrier of affordability of distributed generation. This method also provides a simple screening process that can be understood by customers.

CEJA<sup>35</sup>, PG&E,<sup>36</sup> SCE,<sup>37</sup> SDG&E,<sup>38</sup> all recommend exclusive use of the California Environmental Protection Agency's CalEnviroScreen,<sup>39</sup> a health screening method used to identify California communities that are burdened by multiple sources of pollution, as a screening tool to demarcate eligibility in the successor tariff specific alternatives for DACs. The CalEnviroScreen approach is inappropriate because of the possibility that low income households, who could benefit from the DACs alternative, could lie outside of the threshold set by the CalEnviroScreen. Additionally, relatively wealthy households could exist within census tracks with high CalEnviroScreen Scores, especially in urban areas.

GRID Alternatives, the current administrator of the State's Single-Family Affordable Solar Homes program, supports an income eligibility requirement to help "ensure that households participating in NEM tariffs or programs designed specifically for DACs are indeed customers who otherwise would be left on the sidelines of the clean energy economy without the 'alternatives' mandated in Public Utilities Code Section 2827.1(b)"<sup>40</sup>

ORA's concerns about the use of CalEnviroScreen are supported by several other parties. In their comments, Everyday Energy<sup>41</sup> identifies possibilities for low income households to lie

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<sup>34</sup> ORA Proposal, p. A-34.

<sup>35</sup> CEJA Proposal, p. 1.

<sup>36</sup> PG&E Proposal, p. 46.

<sup>37</sup> SCE Proposal, p. 46.

<sup>38</sup> SDG&E Proposal, p. B-11.

<sup>39</sup> <http://oehha.ca.gov/ej/ces2.html>.

<sup>40</sup> GRID Alternatives Proposal, p. 2.

<sup>41</sup> Everyday Energy Proposal, p. 3.

outside of the CalEnviroScreen. The MASH Coalition<sup>42</sup> suggests that a majority of lower income Californians do not live in the proposed subset of census tracts identified through the CalEnviroScreen process. The Solar Parties<sup>43</sup> and IREC<sup>44</sup> raise the question of whether rural communities are accurately represented if the CalEnviroScreen ranking is done statewide. The Solar Parties also recommend that the Commission allow California Alternative Rates for Energy (CARE) customers and SASH and MASH program participants to participate in the approved disadvantaged communities alternatives, regardless of their geographic location. TURN supports the use of CalEnviroScreen, but TURN further suggests that some type of income eligibility criteria be applied for participation in the DAC alternative incentive program and recommends applying the same eligibility criteria used for the MASH and SASH programs.<sup>45</sup>

## **2. The IREC and PG&E proposals for Disadvantaged Communities require further vetting.**

IREC proposes a specific alternative for DACs, CleanCARE, “which would allow customers eligible for the CARE program to choose to redirect the funds associated with their CARE rate discounts toward purchasing renewable generation from a third-party developer, selected by the utility through a competitive bid process. CARE customers electing the CleanCARE option would move to the standard rate for their rate class and, through participation in the CleanCARE program, would offset a portion of their monthly bills through kilowatt-hour (kWh) bill credits. As a result, a CleanCARE customer would receive the equivalent or a lower bill than the customer would have seen under the standard CARE program rates. In this way, the CleanCARE option would increase opportunities for low-income households to participate in renewable energy programs while guaranteeing at least the bill discount available under the current CARE program.”<sup>46</sup> IREC proposes that this option be offered as a 5MW pilot, and if proven successful, the program could be taken to scale.

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<sup>42</sup> MASH Coalition Comments, p. 2.

<sup>43</sup> Solar Parties proposal, p. 45.

<sup>44</sup> IREC Proposal, p. 6.

<sup>45</sup> TURN Proposal, p. 45.

<sup>46</sup> IREC Proposal, p. 3.

ORA has two concerns with the CleanCARE proposal: 1) ensuring that the resulting bills for program participants are indeed equal to or lower than they would have been under the standard CARE program rates, and 2) ensuring that the administration of the CleanCARE program doesn't create an additional and unreasonable cost burden for ratepayers.

PG&E proposes, Solar CARE, a community solar program that would provide qualifying customers with 100% renewable power from a locally cited generator. It is not clear how this program is really different from, or will work in tandem with, the Environmental Justice Reservation of the Green Tariff Shared Renewable program authorized in D.15-01-051.<sup>47</sup> Similar to IREC's CleanCARE proposal, it is not clear if participating customers will experience similar bills, and what the costs will be to administer the program. Without such a clarification, ORA can neither support nor oppose PG&E's Solar CARE program.

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<sup>47</sup> D.15-01-051 Approving Green Tariff Shared Renewables Program for SDG&E PG&E and SCE Pursuant to Senate Bill 43.